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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

25 June 1979
NFAC 3346-79

MEMORANDUM FOR: Director of Central Intelligence

VIA : Robert R. Bowie
Director, National Foreign Assessment Center

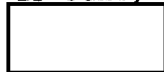
Richard Lehman
National Intelligence Officer for Warning

FROM : Joe L. Zaring
National Intelligence Officer for Western Europe

SUBJECT : Monthly Warning Assessment: Western Europe

SPAIN

1. An Alert Memorandum -- "Basque Problem Threatening Dangerous Turn" -- was published on 19 June (with a State/INR dissent). The crux of the matter is the Basque Autonomy Statute now under consideration by parliament. Failure to ratify the statute essentially as-is would play into the hands of Basque radicals at the expense of the moderate Basque Nationalist Party (PNV). The result likely would be a further escalation of the grimly familiar cycle of terrorist acts and police repression that could lead ultimately to military intervention. Yet Prime Minister Suarez may feel compelled to oppose the statute because its concessions to the Basques are anathema to many other Spaniards -- particularly the military. Compounding the problem is an apparent lack of both trust and communication between Suarez and moderate Basque leaders. Analysts generally agree that the point of no return has not been reached -- but disagree how close that point may be. The situation should be somewhat clearer after 25 June, the last date for filing objections to the autonomy statute.

TURKEY

2. Opposition leader Demirel is mounting an all-out effort to bring down the Ecevit government and provoke new elections. He picked up several new supporters in the National Assembly this month and now may be

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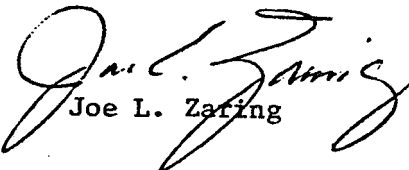
only two votes short of the 226 needed to unseat Ecevit -- who appears to have no better than an even chance of holding on until fall. Meanwhile there is increased speculation in some Turkish circles that the military may intervene. We do not think that an intervention is imminent, but there is growing unrest among officers over inflation and the continuing high level of political violence. We do expect continued pressure on Ecevit from the generals to deal more decisively with the country's problems. On the economic front the reported agreement with the IMF should provide some breathing space. But the belt-tightening measures needed to address the underlying problems are likely to further undermine Ecevit's popularity.

ITALY

3. More muddling is in prospect as Italian voters firmly rejected their latest opportunity to clarify the political situation. Communist electoral losses were not offset by Christian Democratic (DC) or Socialist gains, thus leaving the political impasse basically unchanged. Disagreements within each of the three major parties continue as before, further complicating the search for a workable government. The Communists may use the ongoing wage negotiations to demonstrate the difficulty of governing without them. The most likely next step -- if the Socialists can decide to abstain or provide some support -- is another DC-led government (perhaps without Andreotti) with the small lay parties participating. The life expectancy of this or any similar government would be measured in months and its chances of exerting firm leadership would be miniscule.

CYPRUS

4. While analysts do not expect any sudden deterioration in the situation over the next few months, neither do they anticipate any substantial progress in the inter-communal negotiations. Each side remains deeply suspicious of the other, and because of domestic political pressures, each seems implicitly to prefer the status quo to making the kind of concessions that would be necessary to end the impasse. Both sides thus will concentrate on trying to appear flexible while portraying the opposition as intransigent. By the same token neither side will want to be accused of breaking off the talks. In the absence of stepped-up outside pressure, the most likely outcome is that the negotiations will drag on inconclusively through the summer.


Joe L. Zaring

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